



CALPEEK

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CALPEEK TO ANALYZE BUSH TAX CUT PLAN AND THE NEW 2003-04 CALIF. BUDGET NEXT WEEK.

Gov. Gray Davis' State of the State address and the release of the new State budget occur after **Calpeek's** deadline. So we'll focus on those two items + the new Bush tax cut/economic stimulus plan next week...

CALIF. REPUBLICAN PARTY SLUGFEST FOR CHAIR BETWEEN BACK & SUNDHEIM GETS VERY NASTY.

Editor's note: The contest to become the next Calif. Republican Party chair took a decidedly nasty turn late last week, just after **Calpeek** had gone to press. It's *GOP circular firing squad antics* between current CRP Vice Chair Bill Back and No. Calif. Lincoln Club Chair Duf Sundheim. Here's our update & analysis...

...By now most GOP and **Calpeek** insiders know about the 1999 email sent out by current CRP Vice Chair Bill Back. This particular email contained an article by Bill Lind of the *Center for Cultural Conservatism*, a wing of the *Free Congress Foundation* (hardline conservative group). The Lind article suggested the U.S. would have been better off had the South won the Civil War. It set off a huge uproar and Back has said he should have been more "sensitive regarding issues raised in this piece and not included it in the email." There are some sources who say this incident has killed Back's chances to succeed Shawn Steel as CRP chair. Others disagree and still others think a 3rd or 4th candidate might come forth – soon...

...As for Sundheim, he has kept a low profile and let the news media run with the story. How did the story leak out? Very savvy op research by Sundheim supporters, who peaked news media interest by linking Back's 1999 email newsletter containing the Lind article with the recent Trent Lott fiasco. And Sundheim continues to let others do the bashing. Example: CRP Secretary Shannon Reeves (who hasn't endorsed either candidate) wrote a strongly worded letter to the CRP Board of Directors calling upon Back to withdraw from the contest. Here's just one excerpt:

I am sick and tired of being embarrassed by elected Republican

officials who have no sensitivity for issues that alienate whole segments of our population. Republican leaders who consort with the Council of Conservatives Citizens, highlight stump speeches at Bob Jones Univ., reminisce about segregationist campaigns and sympathize with the bigoted views – and the very real possibility that others in our party affiliate with the Free Congress Foundation and groups with similar offensive ideology – perpetuate broad public opinion that Republicans harbor racist and bigoted ideals. Bill Back's conduct is the most current embarrassment to our party.

...Sources in Back's campaign say he's not dropping out. As for the Reeves letter, the reference to Bob Jones University could be considered a slap at President George W. Bush. At least that's one spin **Calpeek** has heard from pro-Back supporters...

...Sundheim may have other problems. As noted in past news stories, Sundheim gave Demo presidential candidate Bill Bradley \$1,000 in 2000. Sundheim said it was a "business decision." This certainly doesn't sit well with GOPers. And now Back's team claims that individual members from Sundheim's No. Calif. Lincoln Club gave about \$18,000 to now Demo Controller Steve Westly vs. only \$5,700 for GOP State Sen. Tom McClintock. And in the SOS contest, Back's supporters say NCLC members gave about \$18,000 to Demo Kevin Shelley vs. only about \$250 to Goper Keith Olberg. Back supporters have a new name for the No. Calif. Lincoln Club: the *Northern Calif. Clinton Club*. Ouch! Stay tuned...

CAMPAIGN 2004: CALIF. DEMOS TO GET ANOTHER LOOK AT PRESIDENTIAL HOPEFULS ON MARCH 14TH.

Editor's note: By the time the Calif. Demo Party holds its annual State Party convention in Sacramento Mar. 14-16, there may be as many as 6-8 Demo presidential candidates in the 2004 contest to go against Pres. George W. Bush(R). Some of these Demo hopefuls will be at the CDP convention. Here's our brief update & analysis...

...Most Calif. Demos insiders were very relieved when over the long Thanksgiving to New Year's holiday former VP Al Gore announced he would not seek the Demo presidential

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nomination. Most Demo insiders and political pundits felt Gore would make one more run, even though many of these insiders believed Gore blew his chances in 2000. If there was perhaps one thing which may have pushed Gore against another run, it might have been an L.A. Times survey of 312 *Demo Nat'l Cmt.* members. In that survey, 48% said he should NOT run again vs. 35% who said he should, with another 17% undecided...

...Although polls are totally meaningless at this early date, a late December *CNN/Time* survey showed 30% of registered Demos favored U.S. Sen. Hillary Rodham Clinton of NY. But as one Demo told *Calpeek*, "There's not the slightest chance she'll run in 2004." With Hillary out of the mix, it's U.S. Sen. Joe Lieberman of CT and U.S. Sen. John Kerry of MA at 16% each; U.S. Rep. Dick Gephardt at 10%; Demo U.S. Senate Leader Tom Daschle at 9%; and U.S. Sen. John Edwards of N.C. at 8%. (FYI: Edwards was in the S.F. area Jan. 11-12). Not scoring in this particular poll was Vt. Gov. Howard Dean, who might be the most interesting of all the Demos. He's an MD, pro-gun, pro-choice, DLC new Demo. And he's a *media darling*. All of these Demos are running *except* for Daschle, who on Jan. 7th said he would not run for president. Also expected to run is Al Sharpton...

...With Gore no longer running, the Mar. 2, 2004 Demo Calif. election could end up as the *Super Power Ball Lotto* of primaries – 241 delegates awarded via election in 53 CDs + almost 200 additional "super delegates" for a grand total of 439 in all. But prior to Calif. there's the Iowa caucus (1/19/04), NH (1/27/04) and So. Carolina (2/3/04). Total number of Demo delegates is 4,320 – with 2,161 needed to be nominated...

...Most sources agree it's a little too early to figure out who might have a leg up in Calif. now that Gore is out of the running. Some might argue that Gore's 2000 running mate, Joe Lieberman, would be in the best position to inherit Gore's Calif. support, but that's an incorrect assumption. What will be most interesting is where Calif. Demos such as AG Bill Lockyer, LG Cruz Bustamante, Treas. Phil Angelides, IC John Garamendi, SOS Kevin Shelley and Controller Steve Westly line up. These Calif. Demos are playing a wait and see game. Perhaps more Demos will jump in, such as U.S. Sen. Bob Graham of Florida, former Gen. Wesley Clark or former U.S. Sen. Gary Hart ...

...FYI: Kerry and Lieberman both helped Demo Gov. Gray Davis during his 2002 reelection campaign. All of the Demos would love to tap into Davis' fundraising operation. So where are Davis operatives Garry South

and Roger Salazar?? Like others: they're waiting and watching, but willing to help all. Stay tuned...

ENERGY & POLITICS: GOV. DAVIS OUSTS LYNCH AS PUC LEADER. CONSUMER GROUPS DETEST PEEVEY.

Editor's note: It's now known as the *New Year's Eve Coup* when Gov. Gray Davis(D) announced he was dumping Public Utilities Commission(PUC) Pres. Loretta Lynch and replacing her with Mike Peevey (who Davis reappointed to a full 6-yr. term). Davis also replaced former Gov. Pete Wilson's last PUC Commissioner, Henry Duque, with his trusted Cabinet Secretary, Susan Kennedy. Here's our analysis & commentary...

...Lynch has some supporters and many enemies – especially in the Governor's office. Very early in Davis' first term, Lynch was shifted from Director of Planning & Research to the PUC where it was felt she would be out of the way. But that was before the summer of 2000 when the *energy crisis* first hit in San Diego and then spread up and down the entire State. On her watch there was a huge rate hike in 2001 (unpopular with Gov. Davis and with consumer groups) and some think Lynch dragged her feet in signing off on the \$12 billion bond the State floated late last year to pay back the general fund for borrowing money during the energy crisis...

...While dumping Lynch as PUC president (Lynch will remain on the PUC) didn't anger consumer groups, the reappointment of Peevey and naming him to lead the PUC had the opposite effect: consumer groups have gone nuts, accusing Peevey of being pro-deregulation and too willing to grant favors to IOUs (investor owned utilities). For those with short memories, Peevey is a former SCE executive and is the husband of Assemblywoman Carol Liu(D-Pasadena)...

...The guy stuck between the consumer groups and Peevey is Senate Pres. John Burton(D-SF). The consumer groups' key complaints have been aimed at Peevey and his PUC sidekick, Comm. Geoff Brown, the former SF Public Defender. The most recent brouhaha was a Peevey/Brown plan to restructure the natural gas pipeline market. That idea was opposed by consumer groups and the Dept. of General Services. According to our sources, this gas restructuring plan (read that as more deregulation) might have cost CA as much as \$200-300 million. Sources say when Burton and others were informed about the costs, they went ballistic and contacted Gov. Davis. Peevey has backed off – for now...

...Will Peevey be confirmed? The Senate Rules Cmt. includes Burton and Demo Senators Gloria Romero and Betty Karnette + GOPers Ross Johnson and Pete Knight. Sources say the *wild cards* are Johnson & Romero. The usual prac-

tice is to let the Governor's appointees stay in office for a year before the confirmation hearing. In Peevey's case, it might come sooner...

...FYI: State Sen. Jim Battin(R-La Quinta) says he plans to introduce a bill that would change PUC commissioners from governor's appointments to elected positions. *Calpeek* sources say Battin could get help from consumer groups who might just want to take this particular idea to the ballot box via the initiative process. Stay tuned...

CAMPAIGN 2003: SOUTH GATE RECALL ELECTION

Editor's note: Voters in the City of South Gate in southeastern L.A. Co. go to the polls on Jan. 28th to vote on a bitterly fought recall election to oust City Treas. Albert Robles and three of his allies: Mayor Xochilt Ruvalcaba and Councilmembers Raul Moriel and Maria Benavides. Here's our brief update & brief analysis...

...Thirty years ago South Gate was a White, blue collar community. Today this city of 96,375 has an overwhelming Latino population. There are 26,539 registered voters in this mostly Demo city. For a number of years, Robles and his allies have been in total control. Why the recall? The proponents say the city is in chaos and in deep fiscal trouble. How bad is the economic situation? The council majority is asking for a 12% hike in the property tax on the Mar. 4th muni ballot...

...The recall supporters are under the banner of Restore Integrity in South Gate PAC, chaired by Hanna Compos. Maria Davila is challenging Ruvalcaba; Gregory Martinez is facing Benavides; Steven Gutierrez (an aide to L.A. Co. Sup. Gloria Molina) is facing Moriel; and Rudy Navarro is going up against Robles. The recall campaign is being directed by consultant Jeff Monical. Key support for the recall comes from the South Gate Police Officers Assn.; L.A. Co. Sup. Gloria Molina; former Assemblyman Rod Wright; and from the 2 South Gate Councilmen who oppose Robles: Hector De La Torre & Henry C. Gonzalez...

...With accusations flying back and forth, the recall election will be handled by the L.A. Co. Registrar of Voters. This happened when the council majority stripped city clerk Carmen Avalos of her election duties and selected Julia Silva as the new elections officer. That's when then-Calif. Sec. of State Bill Jones stepped in and got legislation passed to have the L.A. Co. Registrar handle not only this recall, but the upcoming March 4th regular muni election as well. The Jan. 28th recall should have been held months ago, but was delayed by legal challenges. The courts finally ordered the recall. L.A. attorney Stephen Kaufman handled the legal duties for the recall supporters...

...The pro-Robles/anti-recall side says the recall is simply sour grapes – the outs trying to take over from those currently in power. If you're beginning to get the idea Robles is central to this entire South Gate controversy, you'd be correct. He's both colorful and controversial – and he has a temper that got him into deep trouble with L.A. Co. DA Steve Cooley. The DA's office charged Robles with murder threats against State Sen. Martha Escutia, Escutia's husband (political consultant Leo Briones) and Assemblyman Marco Firebaugh. A recently completed trial ended in a hung jury, but the DA wants to retry Robles. Don't know if the verdict would be any different in a new trial because the whole case boiled down to tough political talk (protected free speech) vs. verbal threats...

...Who wins? Recall proponents will have a tough job. Incumbents usually are able to beat back recalls, but if all 8,000+ voters who signed the recall petitions vote for the recall and for the 4 candidates who will face Robles and his allies, then perhaps they'll have a shot. But Robles is a savvy political operative. He and his allies have the power of incumbency; they have been registering new voters; and it's a good bet they'll have a solid GOTV operation. Stay tuned...

CALPEEK'S LEGAL FILE: COURT RULINGS AND JURY VERDICTS WITH BIG POLITICAL IMPACT.

Editor's note: Over the holidays a number of key rulings and court decisions took place. Here's a brief update – for the record...

◆ *The Rosenkrantz Case* – In perhaps one of the most important rulings, the CA Supreme Court has sided with Calif. Gov. Gray Davis – saying he can stop the parole of murderers as long as there is some evidence to back up his decision. In a 5-2 ruling, the court rejected parole for Robert Rosenkrantz, who is serving 17 years to life for a 1985 killing of a high school friend who outed Rosenkrantz as a homosexual to his father. FYI: if Rosenkrantz committed this same crime today, he'd be hit with murder 1, with special circumstances – meaning death or LWOP (life w/o parole) + 25 years to life because of Calif.'s 10-20-life law. Meanwhile, Rosenkrantz's defense team may take an appeal to federal court because with Davis reelected, the 35-year-old Rosenkrantz will remain in the slammer until at least 2007...

◆ *Coastal Commission Blues* – In a 3-0 ruling Dec. 30th, the CA 3rd District Court of Appeals in Sacto ruled that the State Legislature's ability to control the CA Coastal Comm. violates the State Constitution – 8 of 12 commissioners are appointed by the Legislature. The commission functions as

an agency of the executive branch and that's why there are constitutional conflicts...

...Gov. Davis and the CA Legislature are rushing to fix the problem, but just drafting a new bill with an urgency clause won't work. The Calif. Constitution, (Art. 4/Sec. 8 (d) bans urgency statutes from creating or abolishing any office.

There needs to be a special session to fix this court ruling, which in effect has tossed out the entire Coastal Protection Act. And without a Coastal Protection Act (1972) in place there's a chance that the Bush Interior Dept. might try to activate 36 oil-drilling leases off the coast. Politically that might not be a very smart move...

◆ **Pipe Wars** – On Dec. 19th, L.A. Sup. Court Judge Dzintra Janavs ruled that PEX plastic pipe can now be used throughout Calif.'s 535 separate cities and counties. Up until this ruling, only about 180 cities and counties allowed the use of plastic pipe in residential construction. The judge also ordered the inclusion of PEX plastic pipe into Calif.'s Plumbing Code...

◆ **Card Clubs Vs. Indian Casinos** – The 1st District Court of Appeals has upheld Calif.'s compacts with various Indian tribes which allows these Indian casinos to operate Class III gambling (21, slots & other house-banked games). Publisher Larry Flint, who owns two L.A. card clubs, filed suit challenging the law – claiming it gave the Indian clubs an unfair monopoly. Our sources think Flint will eventually take his case to the U.S. Supreme Court...

◆ **Busted In Berkeley** – New Berkeley Mayor Tom Bates has admitted he stole 1,000 copies of the Daily Californian newspaper which carried an endorsement for Berkeley Mayor Shirley Dean – Bates' rival. The crime is less than a misdemeanor – like a speeding ticket: \$250. Bates should be ashamed of himself and should resign. Stay tuned...

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **RNC Picks Big Apple for 2004 Convention** – New York has been selected over New Orleans and Tampa-St. Petersburg as the site of the 2004 GOP presidential convention. The convention will run from Aug. 30 to Sept. 2nd at Madison Square Garden. The Demos will hold their convention in Boston, beginning July 26, 2004...

■ **Leal Joins S.F. Mayor's Race** – S.F. City Treasurer Susan Leal has joined Supes Tom Ammiano and Gavin

Newsom + former Sup. Angela Alioto in the '03 race to replace S. F. Mayor Willie Brown, who is termed out. Leal, 53, is an attorney and is in her 2nd term as treasurer. She was previously on the Board of Supes in 1993. She's considered a moderate. Leal and Ammiano are both openly lesbian/gay and if either were elected it would be a first...

■ **Legislative Bills** – Gov. Gray Davis' office has released some interesting info about the number of bills introduced, signed and vetoed. In Davis' 1st term (1999-02) there were 10,311 bills introduced; 4,223 were signed, 1,043 were vetoed and 11 bills became law w/o Davis' signature...

■ **Santa Monica Living Wage Pays Off** – Even though Santa Monica's Prop. JJ was defeated Nov. 5th, the move to force beach-area hotels and restaurants to pay a living wage to workers has paid off because Loews Santa Monica Beach Hotel has thrown in the towel and agreed to let workers join the Hotel Employees & Restaurant Employees union. A big win for HERE Local #11. HERE was the big supporter of Prop. JJ – and JJ was viewed by many as a ballot measure to force the hotels to unionize. Will more beach-area hotels follow Loews? Probably. Stay tuned...

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook. We have a ton of these announcements...

● A very sad note: Joe Remcho, 58, influential Demo campaign/election law attorney, was killed Jan. 6th when his 2-seat helicopter crashed in the Sacto-San Joaquin River Delta area. Among the clients in the Remcho law firm are Gov. Gray Davis, AG Bill Lockyer, U.S. Sen. Diane Feinstein and S.F. Mayor Willie Brown. R.I.P...

● Sausalito-based Precision Politics has opened an L.A. area office at 2554 Lincoln Blvd., Ste. 410, Marina del Rey, CA 90291. (310)821-1225...

● Former Assemblyman Fred Keeley (D-Santa Cruz) is the new exec. director of the Planning & Conservation League (PCL)...

● Former U.S. Sec. of State Warren Christopher will be awarded the 1st Civic Medal of Honor at the L.A. Chamber of Commerce's 114th inaugural dinner, Jan. 30th at the Beverly Hilton Hotel. L.A. attorney George Kieffer will be installed as the new CofC chair of the board...

● L.A. based P/A consultant Emma Schafer has been appointed to the CA Rural Development Council (CRDC) by Assembly Speaker Herb Wesson...